

Fiscal & Programmatic Sustainability

Tony Milanowski & Mark Fermanich

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Only the Strong Survive

- Prior waves of educator compensation reform have had limited staying power
- Not all TIF Round 1 & 2 programs are expected to survive
- Research suggests that at least 1/3 of private sector programs fail, and there is constant “tinkering” with others to fit changing needs

Some Sustainability Basics

- Sound program design
- Stakeholder buy-in
- Supporting systems, especially data systems , that work efficiently
- PBCS not a stand-alone program
- Measurable results supporting major goals
- Post-TIF funding

Today's Discussion

- Fiscal Sustainability Strategies
 - Resource Reallocation
 - Salary Schedule Restructuring
 - Other Reallocation Strategies
 - New Revenue Sources
 - Federal grants
 - State grants
 - Private foundations
 - Local sources

Why Reallocation?

- Many TIF PBSC programs have been placed “on top” of existing step & lane schedules
- This means that PBCS depend on finding more funds somewhere when TIF money declines
- Current fiscal environment not conducive to raising taxes
- Foundations not likely to provide long-term funding
- This leaves reallocation as the major potential source of support

Salary Schedule Restructuring Basics

- There is a lot of money tied up in steps and lanes
 - Guilford County Example: \$16,000 per teacher, or 35% of the salary budget
- Some of this money can be reallocated if step/lane increases can be reduced or eliminated

Some Constraints

- Not all pay should be variable
 - Everyone needs and expects a stable “base” salary
 - So not all \$ can be reallocated into bonuses
 - Some base pay progression should be built in
- Most likely will need to “red circle” all or most educators
 - So it is the \$ that would be spent on steps & lanes in the future that are available for reallocation

Estimating Funds Available for PBCS

	Lane 1			Lane 2		
Step	FTE @ Step	Next Step Increment	Cost of Step	FTE @ Step	Next Step Increment	Cost of Step
top	15	0	0	12		0
....						
7	17	1000	17,000	13	1300	16,900
6	20	1050	21,000	7	1350	9,450
5	18	1150	20,700	5	1350	6,750
4	12	1150	13,800	5	1350	6,750
3	14	1150	16,100	3	1350	4,050
2	18	1150	20,700	3	1350	4,050
1	25	1150	28,750	4	1350	5,400
TOTAL:			88,600			53,350



Some Paradigms for Restructured Schedules

- Reduce # of steps & lanes and/or lower step & lane increments; use savings to fund bonuses
- Hybrid career ladder/step model: movement between career levels based on performance, with a limited number of seniority steps within each career level
- Denver model: base pay increases for PD, advanced degrees, evaluation ratings, meeting student growth objectives, limited by seniority

Other Resource Reallocation Strategies

- Resource reallocation – redirecting existing funds – is dependable, long-term solution
- Difficult decisions with implications for staffing, community relations, program breadth
- Even more difficult in this environment – several years of budget cuts have eliminated many non-essential programs
- May run into political or contractual barriers

Resource Reallocation Approach

- Identify district/school/network priorities, e.g. improving educator quality
- Identify programs and resources aligned with those priorities and those not aligned
- For non-aligned programs/resources:
 - Are they necessary? What is the value added?
 - Are they mandated?
 - Can their funding be used for other purposes?
 - Can functions be provided more efficiently?

Resource Reallocation: Where to Look?

- Real money is in staff salaries & benefits – as noted, transitioning single salary schedule has multiple benefits
 - Current federal grants, including Title I and Title II
- Some examples:
 - Redirecting federal or state grants or categorical funding
 - Increasing class sizes
 - Reducing non-classroom staff
 - Reducing instructional aides
 - Transportation

Federal Title I-A

- Must be targeted to Title I teachers in targeted program schools
- More flexibility in schoolwide program schools
- May be used for:
 - Providing incentives to attract/retain effective teachers & principals
 - Limited to 5% of total district allocation and only for schools identified in need of improvement
 - Performance pay plans for Title I educators
 - For example, pilot in schoolwide program school or fund incentives for Title I teachers as part of districtwide alternative compensation program
 - Other uses: design evaluation systems, PD, induction programs, collaboration time

Federal Title II-A

- May be used to recruit/retain highly qualified teachers and principals
- Examples: incentives, bonuses, differential pay
- Differential pay may include:
 - For hard to staff subjects
 - For high need schools
- States may use State Activities funds to:
 - Assist districts and schools to recruit/retain highly qualified educators
 - Assist districts to develop & implement performance pay plans in high poverty districts & schools

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Other Federal

- Title II, Part B:
 - Support recruiting/retaining math, science or engineering teachers through signing bonuses, performance incentives
 - Incentives for pursuing advanced degrees in math, science or engineering, or bonuses for those with them
 - PD
- Title VI, Part B Rural Education Achievement Program
 - Many of same uses as Title I-A and Title II-A & D

State Funding

- Sources of state funds for reallocation may include:
 - At-risk or compensatory funding – especially in high poverty schools
 - School improvement funds
 - General revenue growth – dedicate a portion of future growth if growing district or per pupil amount increases

Reducing Staff

- Various approaches. Included in several TIF proposals
 - Increase class sizes
 - Reduce AP positions
 - Non-classroom certificated positions
 - Custodians, maintenance, groundskeepers
 - One proposal gave principals flexibility of finding alternative but equivalent savings to staff reductions

Class Size

- Class size is effective, especially for low income students. But, very expensive strategy for gains realized
- Districts may reap savings by increasing class sizes by only one to several students per class
- Majority of districts use Title II-A funds for class size which could be redirected to performance pay
- Consider targeting certain subject areas for increases such as PE or art

Class Size

- Look first at higher grades – grade 4 and above where there is little research support for achievement benefits
 - Also classes with more affluent students
- Also consider targeting certain subject areas for class size increases such as PE or art

Specialists

- Districts/schools have reduced staffing for general education specialist subjects – music, art, PE – and allocated savings to other uses such as class size reduction or PD
 - Increase class size in these subjects
 - Contract with outside community groups
- Many districts & schools already cutting in these areas
- May provide limited savings

Pull-Out Programs

- Assess pull-out programs for disadvantaged, special education, ELL students
 - Can more of these services be provided in regular classroom?
 - This strategy has been used in the past to pay for class size reduction, comprehensive school reform
 - May become more feasible as teacher quality improves, for example greater expertise in differentiated instruction

Instructional Aides

- Little evidence that classroom aides contribute to student outcomes
- Numbers vary by district/school, but can run into the millions of dollars
- Not including special education 1-on-1 aides, some lunch room, bus aides

Transportation

- Districts are increasingly looking at transportation for savings
- Most state transportation aids only pay for portion of actual costs – large cross-subsidy
- Examples include extending walk zones (e.g. from 1 to 2 miles), limiting busing for secondary students, cutting back activity buses, adopting more efficient routing strategies

Other Cost Cutting Options

- If declining enrollment, face up to closing underutilized schools and other district assets
- Central office reductions
- Exploring other operating efficiencies – one proposal noted expected savings through more efficient purchasing of materials and supplies

Finding New Revenues

- Advantages
 - No hard decisions on where to cut/reallocate
 - Facilitates buy-in and validates your efforts
- Disadvantages
 - May come with strings attached, barriers to coherence
 - Unstable – often short term, may go away with tight budgets or to fund new priorities
 - Poor climate politically

New Revenues: States

- State Alternative Compensation Grants:
 - Minnesota's Q Comp: Districts receive up to \$260 per student (\$169 in state aid, rest local), charters up to \$240
 - 50 districts and 54 charters participating in 2010-11
- But beware – don't count on new state funding:
 - California Governor's Performance Award Program – First cut when too many qualified, then again due to budget short falls
 - Texas – Governor's Education Excellence Grant and Texas Educator Excellence Grant – both limited duration

New Revenues: Local

- Local Revenues:
 - Denver ProComp: Funded largely by \$25 million per year property tax increase approved by Denver's voters
 - Even with poor economy, still local support for education. For example, in Colorado in 2010 70% of district ballot questions passed
 - But, declining property values are eroding property tax revenues

New Revenues: Private

- Foundation or Corporate Sources:
 - Denver's ProComp also has made extensive use of state and national foundation funding (Local Rose, Daniels, Piton foundations, national Broad Foundation)
 - Denver is also TIF grantee
 - Houston also received large Broad Foundation grant in support of its program
- Again, this support is typically time limited, not long-term

Cautions

- As long as incentives are add-ons funded through non-dedicated funds, chance of losing funding during difficult budget times
- Survive district/school leadership changes?
- Survive budget cuts?
- Reallocated to new mandates or priorities from federal, state or local policymakers?